

## SENATE.

FRIDAY, August 11, 1911.

Prayer by the Chaplain, Rev. Ulysses G. B. Pierce, D. D.  
The Journal of yesterday's proceedings was read and approved.

## NEW MEXICO AND ARIZONA—PERSONAL EXPLANATION.

Mr. BRISTOW. Mr. President, I desire to make a personal statement.

In the report sent out by the Associated Press as to the vote on the statehood bill the statement was made that I voted against the bill proposing to admit those Territories as States. It was wrong. I voted for it, but a contrary statement has been given very wide publicity. There was no possible excuse for any reporter who has the privileges of the floor or of the gallery making the mistake. The RECORD distinctly shows how the vote was cast, and I wanted to make this statement in order that the facts might be properly given to the country and emphasized in some way.

Mr. SMITH of Michigan. Mr. President, I am glad the Senator from Kansas has made that announcement, though his position was not misunderstood by anyone on the floor of the Senate or in committee, because there has been no more zealous friend of the admission of Arizona and New Mexico, either on the committee or in the Senate, than the Senator from Kansas. I am very glad, indeed, to give him proper credit for his patriotic attitude upon this question.

## MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had passed a bill (H. R. 7263) to authorize the counties of Bradley and McMinn, Tenn., by authority of their county courts, to construct a bridge across the Hiwassee River at Charleston and Calhoun, in said counties, in which it requested the concurrence of the Senate.

## ENROLLED BILLS SIGNED.

The message also announced that the Speaker of the House had signed the following enrolled bills and joint resolution, and they were thereupon signed by the Vice President:

H. R. 7693. An act to authorize the town of Logan, Aitkin County, Minn., to construct a bridge across the Mississippi River in Aitkin County, Minn.;

H. R. 11022. An act to authorize the bridge directors of the Jefferson County bridge district to construct a bridge across the Arkansas River, at Pine Bluff, Ark.;

H. R. 12051. An act for the relief of the city of Crawford, in the State of Nebraska; and

H. J. Res. 14. A joint resolution to admit the Territories of New Mexico and Arizona as States into the Union upon an equal footing with the original States.

## PETITIONS AND MEMORIALS.

Mr. MARTIN of Virginia presented a petition of the Religious Society of Friends, of Richmond, Va., praying for the ratification of treaties of arbitration between the United States, Great Britain, and France, which was referred to the Committee on Foreign Relations.

Mr. BROWN presented a memorial of the Commercial Club of Omaha, Nebr., remonstrating against the passage of the so-called cold-storage bill, which was referred to the Committee on Manufactures.

Mr. OLIVER presented a petition of Patterson Jobs Post, No. 555, Department of Pennsylvania, Grand Army of the Republic, of Claysville, Pa., praying for the passage of the so-called old-age pension bill, which was referred to the Committee on Pensions.

He also presented a memorial of Local Division No. 2, Ancient Order of Hibernians, of Greenville, Pa., remonstrating against the ratification of the proposed treaty of arbitration between the United States and Great Britain, which was referred to the Committee on Foreign Relations.

He also presented a memorial of the Luzerne County Pharmaceutical Association, of Pennsylvania, remonstrating against the imposition of a stamp tax on proprietary medicines, which was referred to the Committee on Finance.

## DUTY ON LEMONS.

Mr. PERKINS. Mr. President, I present telegraphic memorials from citizens and commercial organizations of California, protesting against the enactment of any legislation placing lemons on the free list. They state that facts and figures are now being gathered together which will shed new light on this question and which they believe will make it apparent to all that free lemons will work irreparable damage to California, will deprive the country of a large revenue, and will not reduce the price of lemons to the consumer anywhere in the United

States. This data will be ready in a short time, and my constituents ask that they be given an opportunity to present it to Congress and to appear before the Committee on Finance before any action is taken affecting the duty on lemons. I ask that the telegrams, which I send to the desk, be laid on the table and that a list of the signers be printed in the RECORD.

There being no objection, the telegrams were ordered to lie on the table, and the list of signers was ordered to be printed in the RECORD, as follows:

Fernando Fruit Growers' Association, Fernando, Cal.; Azusa Foothill Citrus Association, Azusa, Cal.; Semi-Tropic Fruit Co., Los Angeles, Cal.; Whittier Citrus Association, Whittier, Cal.; H. H. Granger, Chula Vista, Cal.; W. R. Salter, Chula Vista, Cal.; P. C. Drescher Association, Oroville, Cal.; Keen & Co., La Mesa, Cal.; Queen Colony Fruit Exchange, Corona, Cal.; Corona Lemon Co., Corona, Cal.; Azusa Citrus Association, Azusa, Cal.

## TUG FORK BRIDGE, WEST VIRGINIA.

Mr. MARTIN of Virginia. From the Committee on Commerce I report back favorably, without amendment, the bill (H. R. 11477) authorizing the construction of a bridge and approaches thereto across the Tug Fork of the Big Sandy River at or near Matewan Station, in Mingo County, W. Va., and I submit a report (No. 134) thereon.

Mr. WATSON. I ask unanimous consent for the present consideration of the bill just reported by the Senator from Virginia.

The VICE PRESIDENT. The bill will be read for the information of the Senate.

The Secretary read the bill, and, there being no objection, the Senate, as in Committee of the Whole, proceeded to its consideration.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

## BILLS AND JOINT RESOLUTIONS INTRODUCED.

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MARTINE of New Jersey:

A bill (S. 3199) granting an increase of pension to Edward P. Thorn (with accompanying paper); to the Committee on Pensions.

By Mr. BROWN:

A bill (S. 3200) to correct the military record of Charles Haskins; to the Committee on Military Affairs.

By Mr. SMOOT:

A bill (S. 3201) for the relief of Marion B. Patterson; to the Committee on Claims.

By Mr. CUMMINS:

A bill (S. 3202) granting a pension to Minnie A. Curtis (with accompanying papers); to the Committee on Pensions.

By Mr. CHAMBERLAIN:

A bill (S. 3203) to authorize the sale of certain lands within the Umatilla Indian Reservation to the city of Pendleton, Oreg.; to the Committee on Indian Affairs.

By Mr. WATSON:

A bill (S. 3204) granting an increase of pension to Job Snyder; to the Committee on Pensions.

By Mr. BURTON:

A bill (S. 3205) granting an increase of pension to Henry Dye; and

A bill (S. 3206) granting an increase of pension to John Gorman; to the Committee on Pensions.

A bill (S. 3207) for the relief of Frank Kearney (with accompanying paper); to the Committee on Claims.

By Mr. DILLINGHAM:

A bill (S. 3208) granting an increase of pension to William T. Kinerson (with accompanying papers); and

A bill (S. 3209) granting an increase of pension to George R. Waterman (with accompanying papers); to the Committee on Pensions.

By Mr. PENROSE:

A bill (S. 3210) granting an increase of pension to Paul Lemm (with accompanying paper); to the Committee on Pensions.

By Mr. PERKINS:

A bill (S. 3211) authorizing that commission of ensign be given midshipmen upon graduation from the Naval Academy; to the Committee on Naval Affairs.

By Mr. JONES:

A joint resolution (S. J. Res. 53) authorizing the President to cause a survey or surveys to be made to ascertain and determine the most practicable and feasible route for a railroad

between certain points in Alaska, and for other purposes; to the Committee on Territories.

#### THE COTTON SCHEDULE.

Mr. BRISTOW submitted five amendments intended to be proposed by him to the bill (H. R. 12812) to reduce the duties on manufactures of cotton, which were ordered to lie on the table and be printed.

#### HOUSE BILL REFERRED.

H. R. 7263. An act to authorize the Counties of Bradley and McMinn, Tenn., by authority of their county courts, to construct a bridge across the Hiwassee River at Charleston and Calhoun, in said counties, was read twice by its title and referred to the Committee on Commerce.

#### THE COTTON SCHEDULE.

Mr. OVERMAN. I present a letter and ask that it be read from the desk and printed in the RECORD.

The VICE PRESIDENT. Without objection, the Secretary will read the letter presented by the Senator from North Carolina.

The letter was read and ordered to lie on the table, as follows:

FLINT MANUFACTURING CO.,  
Gastonia, N. C., August 8, 1911.

Hon. LEE S. OVERMAN,  
Washington, D. C.

DEAR SIR: On April 19, in answer to a letter I had written you relating to the tariff on cotton goods, you wrote that you did not believe the cotton schedule would be taken up this session of Congress, but when it was taken up for me to write you fully my views.

As this schedule has been taken up, I am again writing you. Without trying to discuss the right or wrong of a protective tariff, what confronts the manufacturer of North Carolina to-day is that we have built a number of mills for making fine yarns and cloth, and these mills have paid a high rate of duty on their machinery, which mills would not have been built, nor could they have been operated at all, without a protective tariff on their product.

Now, since millions of dollars have been invested in these enterprises under a high protective tariff, will it not be a great wrong to at one stroke of the pen blot them out of existence by cutting the duty in half and allowing other countries who are old and experienced in the business and who hire their labor for half what we have to pay and with no duty on machinery to come in and take this business away from us?

Yes; but some say that we can compete with the world, which may be true on some of the coarser grades, where the labor cost per pound is small, but on fine yarns from 40's to 80's and above this talk is foolish.

England to-day is paying on yarns Nos. 40s to 80s 12 to 24 cents per pound duty, and imported for the year ending June 30, 1910, \$2,563,729, which shows that the present tariff is not prohibitive, and that if you lower the present tariff on fine yarns there will be a larger increase in imports.

The fine-yarn mills of the South are to-day, many of them, running on short time, and we are having a hard time, some losing money.

In the face of all this to commence tariff tinkering and agitation at this time seems to me to be very unwise.

The above imports figures, of course, cover twisted yarns, colored and mercerized, and some of the radical reformers will say these yarns do not affect the South.

Yes; but they do; nearly all the fine-yarn mills twist their yarns, and while they sell them in the gray, they are sold largely to converters, who mercerize, bleach, dye, and resell.

Now, if this yarn is imported from England already finished, it will take that much business away from our converters, and, consequently, we will be unable to supply them with yarn.

Some time ago I stepped into an importer of fine yarn's place of business in New York, and showed samples of 60s to 80s fine-combed yarn. He looked at the samples, was pleased with the spinning, and asked the price. I was informed that my price was 1 cent per pound too high; that he could pay the duty—15 to 24 cents per pound—and undersell me.

Now, it does not take a college graduate to tell what will happen, or how soon, if this duty was removed or even cut in half.

There was last year made in the South \$8,000,000 worth of fine yarns, 40s to 80s, and if you cut the duty in half it is my firm belief that you will close every one of these mills.

These mills are not oppressing the country. They are in no trust. On account of the sharp competition among themselves for business yarns are selling for cost, and in some cases, where the mills are about to go into the hands of a receiver—and they are numerous—yarns have sold below cost of production.

Again, the manufacture of fine yarns, especially combed yarns, is just in its infancy in the South; in fact, it was almost unheard of seven or eight years ago, but for the past five years 20 to 30 small mills, 5,000 to 10,000 spindles each, have been built or equipped for these fine yarns.

These spindles, as above stated, would never have been in operation had it not been for a tariff, and a high one at that, but not high compared with the wool schedule.

Now, in the face of these cold, hard facts, since these newly built cotton mills, on a new kind of goods, not experienced, like our English brethren in manufacturing, are struggling in a death grapple to keep from losing money and keep the sheriff's notice off their doors, would it not be better to let the cotton schedule alone for the present, or change it but very little?

I trust, if reduction is necessary, that it will be done gradually, covering a period of years, and that a reduction at the same time be made on machinery.

With best wishes, I am,  
Yours, very truly,

FLINT MANUFACTURING CO.,  
By L. P. GROVES, Treasurer.

The VICE PRESIDENT. Is there further morning business? If not, the morning business is closed.

Mr. CUMMINS. I move that the Senate proceed to the consideration of Senate bill 854.

Mr. LA FOLLETTE. Will the Senator from Iowa withhold his motion for just a moment?

Mr. CUMMINS. I will withhold it.

Mr. LA FOLLETTE. Mr. President, I wish to submit a proposition for unanimous consent.

The VICE PRESIDENT. The Senator from Wisconsin presents a proposition for unanimous consent, which the Secretary will read.

The Secretary read as follows:

It is agreed, by unanimous consent, that on August 16, 1911, immediately upon the conclusion of the routine morning business, the Senate will proceed to the consideration of the bill (H. R. 12812) to reduce the duties on manufactures of cotton, and that before adjournment on that legislative day the Senate will vote upon the amendment then pending, any amendments that may be offered, and upon the bill, through the regular parliamentary stages, to its final disposition.

Mr. LA FOLLETTE. Mr. President, I do not wish to take the time of the Senate for one moment this morning to say anything upon this proposition further than that it allows three full days for debate before we reach the legislative day fixed in the request, and thereafter, if it is necessary, in order to give all Senators an opportunity to be heard, the debate can run along, by taking recesses, until there shall be a full chance for every Senator to be heard who desires to submit any remarks upon this schedule.

I hope there will be no opposition to the proposed agreement.

The VICE PRESIDENT. Is there objection to the entry of the order?

Mr. OVERMAN. Mr. President, this seems to me to be an unusual and extraordinary proceeding. I do not think I have ever heard, since I have been here, a request for unanimous consent presented to the Senate to vote on a bill before it had been even discussed. It may have been done, but I have no recollection of it. After a bill has been discussed somewhat, then there is usually a request for unanimous-consent to vote on a particular day. In this case there has been no argument at all on the bill.

Mr. LA FOLLETTE. Let me suggest to the Senator from North Carolina that while the reciprocity bill was still being debated by the Senate at the present session a unanimous-consent agreement was arrived at for the fixing of a day to vote on the wool schedule, on the free-list bill, on the apportionment bill, and on the statehood resolution.

Mr. OVERMAN. Was that done before any discussion?

Mr. LA FOLLETTE. It was done before any debate on this floor and before the bills were before the Senate.

Mr. OVERMAN. I will object now.

The VICE PRESIDENT. The Senator from North Carolina objects?

Mr. OVERMAN. I do.

Mr. LA FOLLETTE. Then, Mr. President, I will submit this same request to-morrow, and I will say to Senators just a word upon the proposition, that for one I shall contend that the Senate remain in session and debate the cotton schedule day after day until a vote is reached upon it.

Mr. OVERMAN. Will the Senator also say that he will contend for a continuation of the session until we have other schedules debated and considered?

Mr. LA FOLLETTE. I am in favor of disposing of every schedule which is sent to us from the House at this session, and I am in favor, Mr. President, of adding to the cotton schedule the revision of the steel schedule prepared by my friend from Iowa [Mr. CUMMINS] and the revision of the sugar schedule prepared by my friend from Kansas [Mr. BRISTOW], in order to insure that at least these three schedules shall be yet considered and disposed of by the Senate before final adjournment.

Mr. OVERMAN. I am preparing a revision of the chemical schedule. Will the Senator agree to consider that?

Mr. LA FOLLETTE. I will agree to consider every schedule of the tariff law which can be presented to the Senate by anyone here who can offer a complete revision.

Mr. OVERMAN. Does the Senator mean as amendments to the cotton schedule?

Mr. LA FOLLETTE. As amendments to the cotton schedule. If the Senator from North Carolina can prepare a revision of the chemical schedule which he is willing to present here, I for one shall be very glad to consider it. I know it to be one of the most complicated and difficult schedules to undertake the revision of in the entire tariff list.

#### NATIONAL MONETARY COMMISSION.

Mr. CUMMINS. I renew my motion.

The VICE PRESIDENT. The Senator from Iowa moves that the Senate proceed to the consideration of Senate bill 854. The motion was agreed to.



## OSAGE INDIAN ALLOTMENTS.

Mr. OWEN. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Oklahoma?

Mr. CUMMINS. I shall be pleased to yield.

Mr. OWEN. I have in charge a very important local bill affecting the Osage Indians, which it will take only a few minutes to dispose of. It is an administration measure; it is asked for by the Secretary of the Interior. A similar bill was passed by the Senate at the last session. I think there will be no debate whatever on it, and I ask unanimous consent to dispose of this measure, with the understanding that it will lead to no debate.

Mr. CUMMINS. I have no objection to the suggestion made by the Senator from Oklahoma, provided the bill he has mentioned will not provoke any debate.

Mr. OWEN. I agree, Mr. President, that it shall not involve any debate.

Mr. CUMMINS. I can not agree to have the bill considered at this time if it will lead to debate.

The VICE PRESIDENT. The Senator from Oklahoma couples with his request for unanimous consent the statement that should debate arise in consequence of the consideration of the bill he will withdraw it. Is there objection? The Chair hears none. The Secretary will read the bill for information.

The Secretary read the bill.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (S. 2) supplementary to and amendatory of the act entitled "An act for the division of the lands and funds of the Osage Nation of Indians in Oklahoma," approved June 28, 1906, and for other purposes, which had been reported from the Committee on Indian Affairs with an amendment in section 11, page 8, line 7, after the words "Secretary of the Interior," to insert:

*Provided, That the provision in the act entitled "An act making appropriations for the current and contingent expenses of the Indian Department and for fulfilling treaty stipulations with various Indian tribes for the fiscal year ending June 30, 1898, and for other purposes," approved June 7, 1897 (30 Stat. L. 90), limiting the amount of money to be expended for salaries of regular employees at any one agency shall not hereafter apply to the Osage Agency.*

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

## NATIONAL MONETARY COMMISSION.

The Senate, as in Committee of the Whole, resumed consideration of the bill (S. 854) to require the National Monetary Commission to make final report on or before December 4, 1911, and to repeal sections 17, 18, and 19 of the act entitled "An act to amend the national banking laws," approved May 30, 1908, the repeal to take effect December 5, 1911.

Mr. BURTON. Mr. President, I offer an amendment as a substitute for the pending bill, and ask that it be read.

The VICE PRESIDENT. The Senator from Ohio offers an amendment in the nature of a substitute for the pending bill, which the Secretary will read.

The SECRETARY. It is proposed to strike out all after the enacting clause of the bill and to insert the following:

That the National Monetary Commission, authorized by certain sections of an act to amend the national banking laws, approved May 30, 1908, is hereby directed and required to make and file a report on or before the 10th day of January, 1912.

SEC. 2. That the first paragraph under the subject "Legislative," on page 28 of an act (Public. No. 327, H. R. 28376, 60th Cong., 2d sess.), entitled "An act making appropriations to supply deficiencies in the appropriations for the fiscal year ending June 30, 1909, and for prior years, and for other purposes," approved March 4, 1909, reading as follows: "That the members of the National Monetary Commission, who were appointed on the 30th day of May, 1908, under the provisions of section 17 of the act entitled 'An act to amend the national banking laws,' approved May 30, 1908, shall continue to constitute the National Monetary Commission until the final report of said commission shall be made to Congress; and said National Monetary Commission are authorized to pay to such of its members as are not at the time in the public service and receiving a salary from the Government, a salary equal to that to which said members would be entitled if they were members of the Senate or House of Representatives. All acts or parts of acts inconsistent with this provision are hereby repealed," be, and the same is, hereby repealed.

Also to amend the title so as to read: "A bill to require the National Monetary Commission to make a report on or before the 10th day of January, 1912, and to repeal the first paragraph under the subject 'Legislative' of an act entitled 'An act making appropriations to supply deficiencies in the appropria-

tions for the fiscal year ending June 30, 1909, and for prior years, and for other purposes,' approved March 4, 1909."

Mr. BURTON. I ask that the amendment be printed and lie on the table, and also that it be printed in the Record.

The VICE PRESIDENT. Certainly; that is done without special request. The Chair understands the Senator from Ohio offers the amendment and does not simply submit it. It is the pending amendment.

Mr. BURTON. I offer the amendment.

The VICE PRESIDENT. The Chair so understands.

Mr. BURTON. Mr. President, there has been no extended discussion in Congress on the subject of monetary legislation since the act passed May 30, 1908, notwithstanding the fact that these subjects assume the utmost importance. It is desirable that legislation be enacted relating to currency and to banking, and I trust these topics may be considered by the Congress at its next session.

When interrupted yesterday I was explaining the fact that our currency question had never been considered as an independent proposition, and that up to the present time all legislation relating to this subject was passed more to meet certain exigencies than to provide a complete and comprehensive system. One illustration of this fact which I gave was the issue of greenbacks during the Civil War. Other illustrations are the national banking system, adopted in 1863, and the silver acts of 1878 and 1890.

There has been much discussion of the necessity and wisdom of issuing legal tender during the Civil War. Some students, after careful consideration of these problems, have asserted that such issue was entirely unnecessary; that the war could have been prosecuted to its completion without it.

To make clear the situation as it then existed and to establish the point that at no time has Congress considered the question of currency independently, I desire to refer briefly to the conditions which made the issue of greenbacks a necessity. The first condition was the enormous increase in the expenditures of the Federal Government occasioned by the war. The second was the inability of the Government to prosecute extended military operations while relying upon an exercise of the borrowing power to provide for the expense. The third was the utter insufficiency of the currency system of that day to meet the increased demands.

Mr. President, I desire to call attention to the fact that while in the year preceding the war the total expenditure was only \$66,000,000, in the next year it had reached \$474,000,000, or over seven times as much. I think it can be stated without fear of contradiction that the Treasury of the United States was confronted by conditions altogether more difficult than has ever occurred in the financial history of any country. It was not until the Government was practically bankrupted, it was not until the currency system had broken down and the expenses were seven times as much as in the preceding year, that the issue of legal tender was resorted to.

It has often been stated that the discussion in Congress over the issue of greenbacks showed great ignorance of the problems of banking and currency, but an examination of the debates at that time disproves these statements. It is true that some arguments were made which were fanciful and others were ingenious rather than sound, but the dangers arising from the issuance of paper money by the Government were clearly pointed out. Many warning voices were raised against the proposed form of currency. Mr. Pendleton and others argued against the measure on constitutional grounds. Mr. Morrill opposed the bill, but especially insisted that the amount of the issue should be limited. He said:

I would as soon provide Chinese wooden guns for the Army as paper money alone for the Army.

When the bill was urged as a necessity, he was oversanguine about the early termination of the war, and said:

The ice that chokes the Mississippi is not more sure to melt and disappear with the approaching vernal season than are the rebellious armies upon its banks when our western army shall break from its moorings and rush with the current to the Gulf.

He termed the bill "a measure not blessed by one sound precedent and damned by all."

Mr. Alley, of Massachusetts, supported the bill, but said:

Beneficent as this measure is as one of relief, nothing could induce me to give it sanction but uncontrollable necessity.

And, further:

If you do not adopt this measure, you will see the country flooded with irredeemable bank currency, a great deal of which will be found, as after the War of 1812, utterly worthless.

Mr. Horton, of Ohio, opposed the bill and prophesied: "If this bill passes, as I hope and pray it will not, this will be a

point from which we shall date a new financial system in the United States."

Mr. Roscoe Conkling, who was then a Member of the House of Representatives, said:

The Treasury will control and decide the war, not the war the Treasury. Armies and navies may perish, and a public credit well preserved can replace them; but if the public credit perishes, the Army and Navy can only increase the disaster and deepen the dishonor.

He opposed the proposition to make paper a legal tender, on the ground that the Constitution authorized no proceeding of the kind. He argued also against what he termed the "moral imperfections" of the bill.

It will proclaim—

He said—

throughout the country a saturnalia for fraud; a carnival for rogues. Every debtor of a fiduciary character, who has received from others money—hard money worth a hundred cents on the dollar—will forever release himself from liability by buying up for that knavish purpose, at its depreciated value, the spurious currency which we shall have put afloat. Everybody will do it except those who are more honest than the American Congress advises them to be.

Mr. SMITH of Michigan. Mr. President—

The PRESIDING OFFICER (Mr. MARTINE of New Jersey in the chair). Does the Senator from Ohio yield to the Senator from Michigan?

Mr. BURTON. Certainly.

Mr. SMITH of Michigan. What class of our currency was referred to?

Mr. BURTON. The greenback, the \$346,000,000 now outstanding.

Mr. SMITH of Michigan. The prophecies of demoralization were hardly borne out by history.

Mr. BURTON. That is true; but I want to say, in this connection, the reason for that has been the very exceptional wealth of the country, the credit of the Government, and the very careful provision made by the resumption act of 1874-75 for redeeming these notes in gold. Under ordinary circumstances these prophecies might have been abundantly realized.

Mr. SMITH of Michigan. But those who were responsible for the original issue of greenback currency proposed to hedge it about not only with the honor of the country, but with such legislation as would forever guarantee that money as good as any obligation of the Government.

Mr. BURTON. They gave it every safeguard, such as the exchange for bonds, making it a legal tender for all debts, public and private, and allowing its deposit in the subtreasury in a manner to draw interest.

Mr. SMITH of Michigan. There never has been a time, I think, when the greenback currency has been especially burdensome to the Government. Of course, during the Cleveland administration, perhaps, the greenbacks were used for a purpose that was in its consequences more direful than any previous use or any use since that time which has been made of them. When our gold reserve was drawn out by it, it did provoke a very serious situation in the monetary world, and was especially harmful to the credit of our Government.

At that time, with some degree of modesty, I joined an innumerable band of patriots who felt that they had a remedy for that existing difficulty; and then I suggested a way by which that raid upon our gold reserve, which was made by means of the greenbacks, could be stopped. It could have been easily stopped if the Government had authorized the national banks to make the greenbacks a part of their lawful reserves. By making the greenback a part of their lawful reserve all of the outstanding greenbacks would have been taken up for a purpose decidedly useful. They were not at that time a part of the reserve, and the raid which was made on the Treasury through the presentation of these notes for redemption would have been avoided.

It is perhaps just as well that none of these extreme remedies were resorted to. The greenback has a standing among the American people that they will not willingly depart with or see weakened by any legislation or in any manner that has been suggested. For one I feel as though it is about as high a badge of national credit as anything we have in the shape of governmental assets.

Mr. BURTON. Mr. President, at some later time I may, perhaps, discuss the considerations so well presented by the Senator from Michigan. I am seeking now to explain the circumstances under which the greenbacks were originally issued, to show that it was in response to the exigencies of war and not as an independent attempt to solve the currency problem.

Let us now trace the later history of the greenback. The amount was increased so that the maximum at one time aggregated between \$400,000,000 and \$500,000,000. In a judicial decision, rendered in the later sixties, the Supreme Court declared

that the legal-tender clause was unconstitutional; but that decision was later overruled by the same august body, since which time the legal-tender quality of the notes, whether provision be made for redemption in gold or not, has been universally assented to.

Another decision of the Supreme Court—in the case of *Julliard*, decided about 1878—establishes them still more firmly as a part of our currency system. The point was raised that these notes could only be valid and the legal-tender quality could attach to them only in case they were issued under the exigencies of war, but that, if issued in time of peace, they were subject to all the constitutional objections which were made before. In this case the decision, rendered by the Supreme Court with one dissenting member, was to the effect that in peace as well as in war it was within the power of the Government to issue these notes.

In 1878 an act was passed fixing the total amount of greenbacks in circulation at about \$346,000,000, and now, for 33 years, that quantity has remained fixed and invariable.

There was at first provided a redemption fund of a hundred million dollars, with the right to issue bonds to redeem them. That right was exercised on a large scale by President Cleveland in his second administration.

In the year 1900 an act known as the Overstreet bill was passed fixing a gold reserve fund of \$150,000,000, to be set aside for the redemption of these bonds. That is the law as it is at present.

I come now to a second class of currency—our national-bank notes issued by provisions of the national banking act of 1863—and I think it is easy to show that they also did not originate with the idea that they were a model form of currency. This system had been a pet idea of Secretary Chase. No doubt he, as well as other financiers and public men of the time, were very largely influenced by the deficiencies of our currency under the State banking system. But few if any of them had been sanguine enough to believe that Congress would pass a law for a national banking system. Such a measure would have immediately been confronted with the opposition of all those who believed in State rights and in a strict interpretation of the Constitution. It is only in case of some great event, such as the Civil War, that a measure of this kind could have been passed. It is surprising to note how much of the framework of public policies or legislation rests upon laws or constitutional provisions adopted while there were armies in the field or under the influences resulting from war or similar great emergencies.

The issuance of the greenback may be said to be one of them; the national banking system is another. But the primary object of this system was not to provide currency. It was to sustain the life of this Government by affording an opportunity for the sale of its bonds. In the beginning national banks were compelled to invest the larger share of their capital in bonds of the United States, a regulation which was not changed until many years afterwards. They were also regarded as a convenient agency for assisting the Government in the collection of its debts and the payment of its obligations. It would perhaps be too strong a statement to say that the issuance of currency by national banks was a mere incident of the system, but it is safe to affirm that the main object and reason for their formation was not to provide an adequate currency system.

Mr. President, I have sought thus to show that two of the most prominent forms of our currency became part of our monetary system under circumstances such that the consideration of the best way to provide for bank notes or for any form of money could not receive adequate attention.

I come now to a third form, namely, the silver dollars and the silver certificates. Mr. President, we all recall the history of that bitter controversy. Even the youngest of us can remember the days of 1896. From the very beginning the silver dollar had been legal tender at a fixed ratio with gold. From about 1835 until the commencement of the Civil War the ratio of 16 to 1 prevailed, though the question of the correct ratio was theoretical rather than practical until the act of 1873.

What was the fact during the years of the Civil War? The 16 units of silver in a silver dollar were worth more than the 1 unit of gold in the gold dollar; and in accordance with an inexorable law in any civilized or advanced country the coin which was relatively the more valuable of the two went out of use when both circulated as legal tender. It may have gone abroad, it may have gone into the melting pot, but for years a silver dollar was a curiosity.

But there was another fact more fundamental than that, namely, that the idea of bimetallism, or the circulation at the same time of two coins made of different metals at a fixed and



permanent ratio, whenever those metals are bought and sold as commodities in the market, is a chimera; indeed, an impossibility. With the ready exchanges in modern commerce, the quickness of buyers and speculators to take advantage of any change in values, if the metal in one dollar is worth even slightly more than that in another of a different metal, the buyer or speculator begins his work. So in this day bimetalism is not practicable.

I do not for a minute leave out of account a certain steadying influence which the right of free and unlimited coinage gives to the cheaper metal; that is, if you have gold and silver at the ratio of 15½ to 1, as in France, or 16 to 1, as it was in the United States, and either metal can be taken to the mint in unlimited quantities, even though the value of the silver which makes up a dollar is somewhat less than the gold, the fact that it can be immediately transmuted into coins which have the qualities of legal tender has a potent effect in keeping up its value, but after that effect is secured there is still a variation, and the use of the two under any fixed or permanent ratio is out of the question.

In 1873 the silver dollar was abolished, but its abolition can only partially be ascribed to the fallacy, if I may call it such, of bimetalism. The immediate reason was that the silver dollar had long been out of circulation.

Well, then, what followed? The mining of gold diminished not only in our country, but the world over. Silver was demonetized in numerous countries and the pressure of commerce on the monetary supply caused prices to go down. To relieve that situation and to aid the very important silver-mining interests of this country the acts of 1878 and 1890 were passed. Nobody said at that time we ought to discard gold and paper money and establish silver as an ideal currency. The object was to do something to relieve a situation which had become serious.

About that time divers scientific men, including a most noted scientist and publicist, now living, Prof. Suess, of Vienna, wrote an article in which he demonstrated to his own satisfaction that the supply of gold, if not well-nigh exhausted, was diminishing, and that thereafter silver was the natural standard of value in any well-regulated monetary system. Like many other predictions of great and good men, his forecast has proved to be entirely incorrect, for with the discoveries in engineering and in chemistry gold mining became cheaper than ever before. Divers forms of rock and of quartz and tallings which could be worked over were utilized, and enormous supplies of gold were obtained from them, so that beginning about the year 1891 there was an immense increase in the quantity of gold.

Thus it appears that in 1873 it was no crime, but the logic of events, which led to the demonetization of the silver dollar, which had already become insignificant in our circulation. Again, it was the desire to relieve the situation, provide more money, and help the silver-mining interests that led to the passage of the acts of 1878 and 1890. On the other hand, it was the great increase in the quantity of gold mined in 1893 which justified the repeal of the silver-purchase act, and created in 1900 as the standard the gold dollar, providing that all forms of money issued should be maintained at a parity with the standard.

But at no time is there the slightest trace that any single line or phrase of this legislation for the silver dollar was enacted by our lawmakers with the thought that they were thereby creating an ideal or a perfect currency system.

Thus, Mr. President, I have sought to dispose of three forms of our currency and to explain that they came not as solutions of this question that is before us to-day, a proper circulating medium, but rather in response to some other demand or exigency.

Now, what are the defects of our currency system? In the first place there is no insufficiency in the aggregate amount. I want to read a few figures on that subject, showing the per capita circulation in this country as compared with other countries. These figures were prepared last November, and I have not had an opportunity to bring them down to date, but I think they are practically correct.

On December 31, of 1910, the average amount of money per inhabitant in the United States was \$35.21. In France it is \$37.85, due principally to the fact that their use of checks as substitutes for currency is much less.

If we include with the amount in circulation the \$150,000,000 of gold reserve and the Government's assets in our National Treasury, our average amount would be \$38.45 per capita, being greater than that of any prominent nation in the world.

This amount considerably exceeds that of preceding years.

Whichever method of determining the per capita circulation is chosen, the amount is greater by nearly \$15 than in the period of maximum inflation during the Civil War, although at one time gold was at a premium of 180 per cent. It is also greater by almost an equal amount than in the very prosperous years of 1880 and 1881; greater also by approximately \$10 than 12 years ago, and this notwithstanding the constantly increasing use of checks and other substitutes for currency.

Mr. HEYBURN. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Senator from Idaho suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Bailey	Chilton	Heyburn	Pomerene
Bourne	Clapp	Jones	Reed
Brandeggee	Clark, Wyo.	Lippitt	Root
Briggs	Crane	Lodge	Simmons
Bristow	Crawford	Martin	Smith, Mich.
Brown	Cullom	Newlands	Smoot
Bryan	Cummins	Nixon	Stephenson
Burnham	Curtis	Oliver	Swanson
Burton	Dillingham	Page	Townsend
Chamberlain	Dixon	Perkins	Works

Mr. CLARK of Wyoming. My colleague [Mr. WARREN] is unavoidably absent on business of the Senate.

The VICE PRESIDENT. Forty Senators have answered to the roll call—not a quorum.

Mr. SMOOT. I ask that the names of the absentees be called.

The VICE PRESIDENT. The Secretary will call the names of absent Senators.

The Secretary called the names of absent Senators, and Mr. MYERS answered to his name.

Mr. OLIVER. My colleague [Mr. PENROSE] is absent from the city on public business.

Mr. JONES. My colleague [Mr. POINDEXTER] is unavoidably detained from the Senate.

Mr. REED. I should like to announce that my colleague [Mr. STONE] is confined to his bed by illness and unable to be here.

Mr. SMITH of South Carolina, Mr. WILLIAMS, Mr. BANKHEAD, and Mr. OVERMAN entered the Chamber and answered to their names.

Mr. CLAPP. I desire to state that my colleague [Mr. NELSON] is absent on a sad mission, attending the funeral of the late Senator FRYE. It does seem to me that the RECORD should show, as there are liable to be a great many calls of the Senate, those Senators who are absent on that mission.

In this connection, in view of the calls liable to be made, I also desire to state that the junior Senator from North Dakota [Mr. GRONNA] is detained at home on account of illness in his family.

Mr. MARTIN of Virginia. I simply desire to announce that the Senator from Georgia [Mr. BACON] is absent on the committee attending the burial of the remains of the late Senator from Maine. He is paired with the Senator from Rhode Island [Mr. WETMORE].

Mr. OVERMAN. I desire to announce that the Senator from Louisiana [Mr. FOSTER] is absent attending the funeral of the late Senator FRYE, and the junior Senator from Louisiana [Mr. THORNTON] is absent attending the funeral of the late Gen. GORDON.

Mr. MARTINE of New Jersey entered the Chamber and answered to his name.

The VICE PRESIDENT. Forty-six Senators have answered to the roll call. A quorum of the Senate is present.

Mr. BAILEY. Mr. President, I was at first inclined to refrain from voting on the motion to proceed to the consideration of this bill, because I am a member of the commission which it proposes to abolish, but upon second thought I did not feel that my personal relation to the question could absolve me from the duty of voting according to my best judgment, and I voted against the motion of the Senator from Iowa, because I believed the bill was ill-considered, and I know it is ill-advised.

The very large majority which was cast in favor of taking the bill up out of its order, however, makes it manifest that the Senate has determined to pass it, and I shall not attempt to dissuade it from that purpose. But I will say, in justice to my associates on the commission, that Senators who have complained at its delay have overlooked the fact that it was originally made up of Senators and Representatives and that we have had two extraordinary sessions of Congress since they were commissioned to do this work. It has, therefore, in the nature of things been impossible for them to proceed with it as they otherwise would have done.

I will also say that the criticism against the expense of the commission, I think, is based upon an insufficient knowledge of the facts. I can say this more freely because no criticism about its expenditures touches me, for I have not drawn a penny from the Public Treasury in connection with it. It was, however, believed by those who were instrumental in creating the commission that if we allowed vacancies to be caused by the death or the retirement of its members there would be such a constant change of its personnel that it would never be able to make a report worthy of the subject and worthy of the Senate. It was therefore provided that the expiration of a term or the retirement of a Member from the House or Senate should not vacate his place. I can hardly think that Senators would contend that if Congress continued the retiring Senators or Representatives in their positions it could reasonably expect them to do their work without some compensation.

I believe, indeed, I am confident, that the commission will be ready to report when the next session of this Congress assembles; but, without laying before the public or the Senate any of the differences of opinion which the consultations of the commission have developed, I feel sure that I will not be able to concur in that report, because I am unalterably opposed to the establishment of a great central national bank. It is, therefore, a certainty that I would be required, if I remained on the commission, to file dissenting views. While I think it entirely probable that I could be ready to file those views on the 4th day of December, I would not take an order, sir, to do it. It might happen that the honorable chairman of the commission would bring his report in and submit it to us the 1st day of December, and under this bill it would then be necessary for me in four days to analyze that report, which the chairman with the aid of experts had been months in preparing. If I permitted it to come into the Senate without a suitable analysis, Senators on this side at least would have some cause to complain.

I am by the vicissitudes of politics and death the only Democrat left on that commission who is also a Member of the Senate, and in view of the determination of the Senate to order this report made at a particular day, and in view of my determination not to take that order, I ask to be relieved from further service on the commission.

The PRESIDING OFFICER (Mr. CURTIS in the chair). The Chair will put the question to the Senate. Those in favor—

Mr. CUMMINS. What is the motion?

The PRESIDING OFFICER. The Senator from Texas asks to be relieved from further service upon the National Monetary Commission.

Mr. BURTON. Mr. President—

Mr. CLARK of Wyoming. Will the Senator allow me?

Mr. BAILEY. I hope Senators will not object to my request.

Mr. CLARK of Wyoming. I wanted to suggest to the Senator from Texas that so far as I am personally concerned I am not at all as satisfied as he appears to be with what the action of the Senate may be upon the pending bill.

Mr. BAILEY. I am.

Mr. CLARK of Wyoming. I hope the Senator will refrain from this action until the sense of the Senate is taken on the measure.

Mr. BAILEY. I will say to the Senator from Wyoming that I have no disposition to criticize the Senate. The Senate has a perfect right to make this order, but I have a perfect right to exempt myself from obedience to it.

It might happen, Mr. President, that the sickness of myself or some member would intervene, and whatever work is done for the Democratic side of the Senate I will be compelled to do it. I have no doubt I will have valuable assistance from those Democrats on the commission who are not Members of the Senate, and I have set aside October and November to do this work. Men before my time have fallen sick and have been unable to do the work assigned to them. I am not willing to come in here the first Monday in December with an unfinished work. I am not willing to come in here and submit a report that I would not be willing to bear my name, and I am not going to do this work under this rule. I hope the Senator from Wyoming will not object.

Mr. CLARK of Wyoming. Of course, Mr. President, it was not in my mind to object for a moment, but I did hope for one at least that we would have the benefit of the Senator's labors, his report and his advice upon this matter, because I consider it a very serious proposition.

Mr. BAILEY. It is a very important one.

Mr. CLARK of Wyoming. It is a very important one, and I was hoping the Senator might see his way clear to withhold his request.

Mr. BAILEY. It is altogether too important, Mr. President, for a man to take an order to have it done on a certain day, and I am not willing to do that. I ask the Chair to submit the question.

The PRESIDING OFFICER. Is there objection to the Senator from Texas withdrawing from the National Monetary Commission? The Chair hears none, and, without objection, it is so ordered.

#### THE COTTON SCHEDULE.

Mr. SMOOT. I move that the Senate proceed to the consideration of the bill (H. R. 12812) to reduce the duties on manufactures of cotton.

Mr. OVERMAN. Will that displace the pending bill?

Mr. SMOOT. Yes; it will displace the pending bill.

Mr. OVERMAN. I object.

Mr. SMOOT. I move that the Senate proceed to the consideration of the bill.

The VICE PRESIDENT. The Senator from Utah moves that the Senate proceed to the consideration of the bill (H. R. 12812) to reduce the duties on manufactures of cotton.

Mr. CUMMINS. Mr. President, I very much hope the Senate will not agree to the motion made by the Senator from Utah—

Mr. LODGE. Mr. President, a point of order.

The VICE PRESIDENT. The Senator from Massachusetts rises to a question of order.

Mr. LODGE. Is this a debatable motion?

The VICE PRESIDENT. The Chair thinks it is not a debatable question.

Mr. CUMMINS. I assumed that it was a debatable question.

The VICE PRESIDENT. The Chair thinks not.

Mr. CUMMINS. We are in the consideration of Senate bill 854, and I assumed that a motion to displace the consideration of that business was a debatable matter.

The VICE PRESIDENT. It does displace it, but the Chair thinks it is not a debatable question.

Mr. CUMMINS. However, if the Chair rules that it is not debatable, I very cheerfully submit.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Utah to proceed to the consideration of House bill 12812.

Mr. CUMMINS. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CLAPP (when his name was called). In the absence of the senior Senator from North Carolina [Mr. SIMMONS], with whom I have a general pair, and not knowing how he would vote, I will withhold my vote.

Mr. CLARK of Wyoming (when his name was called). I have a general pair with the senior Senator from Missouri [Mr. STONE]. In the absence of that Senator I will withhold my vote. If he were present, I should vote "yea."

Mr. CURTIS (when his name was called). I am paired with the junior Senator from Nebraska [Mr. HITCHCOCK]. Were he here, I should vote "nay."

Mr. BURNHAM (when Mr. GALLINGER's name was called). I desire to say that my colleague [Mr. GALLINGER] is unavoidably absent and is paired with the Senator from Arkansas [Mr. DAVIS].

Mr. CURTIS (when Mr. GUGGENHEIM's name was called). I was requested to announce that the Senator from Colorado [Mr. GUGGENHEIM] is paired with the senior Senator from Kentucky [Mr. PAYNTER].

Mr. SMITH of South Carolina (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. RICHARDSON]. He not being present, I withhold my vote.

Mr. REED (when Mr. STONE's name was called). I wish to repeat the announcement I made a moment ago, that my colleague [Mr. STONE] is confined to his room by illness and is absolutely unable to be here.

Mr. SMOOT (when Mr. SUTHERLAND's name was called). I announce the absence of my colleague [Mr. SUTHERLAND]. He has a general pair with the senior Senator from Maryland [Mr. RAYNER].

Mr. CLARK of Wyoming (when Mr. WARREN's name was called). My colleague [Mr. WARREN] is unavoidably absent from the city on the service of the Senate. He has a general pair with the senior Senator from Louisiana [Mr. FOSTER].

Mr. CHILTON (when Mr. WATSON's name was called). My colleague [Mr. WATSON] is unavoidably detained from the Senate.

Mr. LIPPITT (when Mr. WETMORE's name was called). My colleague [Mr. WETMORE] is absent from the city in the service



of the Senate. He is paired with the senior Senator from Georgia [Mr. BACON].

The roll call was concluded.

Mr. BRIGGS. I have a general pair with the Senator from West Virginia [Mr. WATSON]. In his absence I withhold my vote.

Mr. DILLINGHAM. I withhold my vote because of my general pair with the senior Senator from South Carolina [Mr. TILLMAN].

Mr. CLAPP. I wish to announce, first, that my colleague [Mr. NELSON] is paired with the Senator from Maine [Mr. JOHNSON], both of whom are absent attending the funeral of the deceased Senator from Maine. I also learn that my pair, if present, would vote "nay," and as I would vote that way I desire to vote. I vote "nay."

Mr. WILLIAMS. I wish to announce that I am paired with the senior Senator from Pennsylvania [Mr. PENROSE].

Mr. OVERMAN. I desire to announce again that the senior Senator from Louisiana [Mr. FOSTER] and the junior Senator from Louisiana [Mr. THORNTON] are absent by order of the Senate. This announcement will stand for the day.

Mr. CURTIS. I was requested to announce the pair of the Senator from Delaware [Mr. DU PONT] and the Senator from Texas [Mr. CULBERSON].

Mr. WILLIAMS. I also wish to announce the pair of my colleague [Mr. PERCY] and the Senator from North Dakota [Mr. McCUMBER].

The result was announced—yeas 16, nays 24, as follows:

YEAS—16.			
Bailey	Burton	Martin, Va.	Perkins
Bankhead	Chilton	Nixon	Smoot
Brandegee	Lippitt	Oliver	Stephenson
Burnham	Lodge	Page	Swanson
NAYS—24.			
Bourne	Cummins	Kern	Reed
Bristow	Dixon	La Follette	Root
Brown	Fletcher	Martine, N. J.	Shively
Bryan	Heyburn	Myers	Smith, Mich.
Chamberlain	Johnston, Ala.	Newlands	Townsend
Clapp	Jones	Overman	Works
NOT VOTING—49.			
Bacon	du Pont	McLean	Smith, S. C.
Borah	Foster	Nelson	Stone
Bradley	Gallinger	O'Gorman	Sutherland
Briggs	Gamble	Owen	Taylor
Clark, Wyo.	Gore	Paynter	Thornton
Clarke, Ark.	Gronna	Penrose	Tillman
Crane	Guggenheim	Percy	Warren
Crawford	Hitchcock	Polindexter	Watson
Culbertson	Johnson, Me.	Pomerene	Wetmore
Cullom	Kenyon	Rayner	Williams
Curtis	Lea	Richardson	
Davis	Lorimer	Simmons	
Dillingham	McCumber	Smith, Md.	

The VICE PRESIDENT. Six Senators, the Senator from Wyoming [Mr. CLARK], the Senator from Kansas [Mr. CURTIS], the Senator from South Carolina [Mr. SMITH], the Senator from New Jersey [Mr. BRIGGS], the Senator from Vermont [Mr. DILLINGHAM], and the Senator from Mississippi [Mr. WILLIAMS], having announced that they refrained from voting because of their pairs, making the announcement individually in each case, the number voting, with those six, discloses the presence of a quorum. The nays have it, and the motion of the Senator from Utah [Mr. SMOOT] is lost.

#### NATIONAL MONETARY COMMISSION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 854) to require the National Monetary Commission to make final report on or before December 4, 1911, and to repeal sections 17, 18, and 19 of the act entitled "An act to amend the national banking laws," approved May 30, 1908, the repeal to take effect December 5, 1911.

Mr. BURTON. Mr. President, at the time when my remarks were interrupted I was dwelling upon the subject of the sufficiency of our currency as illustrated by the per capita circulation, and had stated that, with one exception among prominent nations, ours was the largest. The inference to be derived from this would be that no defect in our currency arises from its insufficient quantity. I shall dwell upon that subject more at length.

The circumstances which influence the per capita circulation of a country are, first, its wealth. Presumably a country of large wealth has a considerable quantity of gold and silver, and by reason of the possession of metallic money can, with security, issue a sufficient amount of paper money for all its needs.

In a valuable table prepared by the Director of the Mint, Mr. Roberts, on December 31, 1909, he gives the per capita circulation of almost all countries. In this list it appears that the United States has a per capita circulation of \$35.21, excluding

the gold reserve of \$150,000,000 and gold currency in the Treasury; that France has a circulation of \$37.85 per capita; Germany of \$27.14; the Netherlands, a country of notable wealth, a circulation of \$30.66; and Switzerland, a circulation of \$30.39.

In studying this table it is necessary to discriminate between countries which have a metallic circulation or in which paper money can be redeemed in metal and those which have an irredeemable paper currency. Singularly, the countries which have the largest and the smallest per capita circulation lie side by side. They are Colombia and Venezuela, in South America. Colombia has a per capita circulation of \$222.24 and Venezuela of 39 cents, but, strangely, the monetary system of Venezuela is the better of the two, because it consists of gold and silver, while that of Colombia consists almost exclusively—to speak exactly, all except 2 cents per capita—of irredeemable paper currency, which circulates at a great discount.

To illustrate further the rule that presumably countries of large wealth have a considerable per capita circulation, we may contrast China and India with the more advanced countries mentioned. India has a circulation of only 62 cents per capita and China of \$1.06 in contrast with the circulation of the United States, which is \$35.21, and that of France, which is \$37.85 per capita.

The second determining factor in influencing the volume of currency is the extent of a country's trade. The difference can be illustrated, not only by a comparison between countries which have a very small amount of commerce on the one hand, but also by conditions in the same country. If there should be a suburb of one of our large cities, composed almost exclusively of residences, the per capita circulation presumably would be small; but, on the other hand, if there was an active trading community, in which frequent exchange of commodities were made, the circulation would be large.

A third factor in determining the per capita circulation is the rapidity of exchanges. In a country in which there are only occasional transactions in the way of trade or barter, the per capita circulation would naturally be small, while in an active mart the quantity would be large. In a farming community this would be illustrated by a comparatively small circulation, while in an active commercial town the circulation would be larger.

The fourth factor is the degree in which checks and substitutes for money are used. This feature has a very important influence upon the circulation, and tends to diminish the amount of money required, and, of course, the per capita circulation.

Great Britain is the best illustration of a diminished circulation by reason of the use of checks and bills of exchange and substitutes for money. The banking system is more highly developed there than in any other country on the globe. Independent banks, or, more frequently, branch banks are located in almost every village; and in every town of any considerable size they are found on almost every corner. The result is that whatever bills or coin may be in the possession of the people go into banks for deposit, and obligations are paid by checks.

It is necessary to consider another factor, namely, the stability of the banks of England and the almost absolute confidence which the people repose in them. This also stimulates the deposit of money in banks. In our country the increase of checks has been very marked in recent years; but it is still the custom of our people to carry a very large amount of money with them in their pocketbooks—that is, I mean very large as compared with other peoples—this being partly due to the thrifty condition of the average citizen and partly to habit.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER (Mr. CURTIS in the chair). Does the Senator from Ohio yield to the Senator from Florida?

Mr. BURTON. I do.

Mr. FLETCHER. Mr. President, I should like, in this connection, to have the views of the Senator from Ohio as to the certificate plan adopted during our last financial trouble. As I recall, about March of 1907, when there was some apprehension of financial difficulty, when certificates were thrown upon the market and the proceeds from those certificates were hoarded, the people having money began to draw it out of the banks and hoard the money, until along about October of 1907, as I remember, there was a pretty general expression of alarm regarding the financial situation. On October 22, I believe it was, after some \$8,000,000 of the \$68,000,000 on deposit in the Knickerbocker Trust Co. had been withdrawn, that institution failed. On October 25 the New York Clearing House met and decided that something must be done to relieve the trouble, because other banks began to topple about that time. The Clearing House Association adopted the certificate plan; in

other words, they issued certificates which took the place of real money.

On October 26, Chicago, Pittsburgh, St. Louis, and other financial centers did the same thing, and it seemed to relieve the panic. I am inclined to think that perhaps the panic was at an end when the common sense of the people of the country decided that these certificates were good; they were satisfied with them; the certificates circulated like money, and the panic was over. After that it was a mere matter of cleaning up the wreckage.

In that connection, I should like to ask the Senator from Ohio, whether—there being no law for the issuance of those certificates or authorizing those certificates, as I understand, our experience being that that course actually did relieve the country of a panic—it would not be well to consider whether we should not legalize that sort of thing. It being in connection with the subject of circulation, with which the Senator is dealing, I thought I would mention the certificate plan which was adopted at the time to which I refer.

Mr. BURTON. I will say that those certificates performed a very useful function. I would not say, however, that they relieved the public from the panic, but they went far to alleviate the stress on that occasion. I would say further that those certificates afford a very valuable suggestion in any plan of currency which we may adopt. The general idea was that the banks should deposit commercial paper or other securities of unquestioned value with the clearing house or other central association and receive certificates to the amount of, say, two-thirds of the securities or commercial paper deposited. They were then used in settling balances between them and were counted at the clearing house in the same manner as deposits of money. It goes without saying that it would have been impossible to go through that panic without such a device, but at best it was a makeshift.

I wish to call attention in this connection to another device adopted at that time—the drawing of cashier's checks for amounts of \$5, \$10, and \$15. These checks served as a valuable substitute for currency. They were accepted in the stores and shops; they were received without demur by workmen. All those things go to show, however, the absence of adequate legal provision for a currency scarcity under present conditions.

I am obliged to the Senator from Florida for his suggestion. The objection to all such substitutes, of course, is that they are without legal sanction, that anyone who receives them must do so voluntarily, and that in payment of a debt the creditor could refuse to accept them. I think it may be said in justice to the clearing-house associations that their management in the crisis of 1907 was dictated by intelligence and by a commendable regard for the welfare of the public.

So much, Mr. President, for the general adequacy of our monetary supply. For ordinary uses and ordinary occasions it is clearly large enough.

A second question arises, Is our currency stable, and does it command general confidence? In this regard we have every reason for honest pride, because not only are our gold coins favorites all over the globe, but in all commercial communities as far as Hongkong and Cape Town the greenback, the silver certificate, and the national-bank note are received at their full value. An added advantage belongs to our paper currency in the excellent quality of the engraving and the clearness of the print, which secure it against counterfeiting.

I come now to another feature of our currency, which is not so free from objection, namely, its motley character. No advanced country in the world has such a variegated currency as the United States. First, there are the greenbacks, amounting to \$346,000,000, made permanent by legislation in 1878; second, the national-bank notes, which amount to about \$726,000,000; third, the silver dollars and the silver certificates, which amount to about \$564,000,000; fourth, the gold coin in circulation, nearly one-half of our currency, amounting to \$1,700,000,000.

There is neither convenience nor any of the features of a model currency system in so great a variety of moneys. Let us take up first the greenbacks. I share the opinion of those who do not believe in the greenbacks as the best form of currency. The question as to whether it is a proper function of a government to issue paper money has been discussed for many years and in many lands. In practically all the more advanced countries except our own this method has been abandoned. It is still retained by Italy, Spain, Portugal, and some countries in South America, and elsewhere, as well as by the United States. An alleged advantage is that if there is any profit to be derived from the circulation of notes which pay no interest the Government should receive that benefit. Again, the Government being the central institution which controls the des-

tinies of the country, it is alleged that it is proper to lodge in the Federal Treasury the right to issue circulating notes.

The objections, however, are manifold. In the first place, the bill or note, however much we may become attached to it, is, after all, only a form of obligation which circulates for convenience, and which it is expected will at all times be promptly redeemed, and, indeed, in most countries has but a short life. The bill which we have in our pockets is, in its essential nature, the equivalent of a note or obligation from some individual, but for convenience we use it as currency.

There are, in addition, more substantial objections than those arising out of the general nature of the circulating notes. In the first place, no government is sufficiently in touch with trade and commercial conditions to enable it to act wisely. Circulation should be large or small, according to the volume of trade. At a time when business is slack, when men are out of employment, and exchanges are few, the quantity of money outstanding should be very much diminished; but when there are large transactions, great crops to market, and natural demands for money, the quantity should be large. There is no institution which can gauge the requirements of trade so correctly as a banking institution, and hence in England, in France, in Germany, in Switzerland, and even in Turkey—which, notwithstanding its unprogressive condition, has a fairly good monetary system—the issuing of circulating notes is left to the banks; and that, too, not as an original proposition, but as the result of long years of experience and trial, from which it has been concluded that the bank is the best institution to issue bills.

But what of the greenback? The quantity is comparatively small as a portion of our aggregate circulation, amounting to about one-ninth. The people are greatly attached to the greenback. It can be utilized as a nucleus to supply a part of our circulation. While it is not the ideal money, it nevertheless has occupied, and, indeed, now occupies, a large part of the field required for circulating notes. Smaller bills are used for minor transactions. The greenback, however, should not be considered as having those qualities which give the elasticity that is necessary to meet changing business conditions.

I shall take up next the silver dollars. There are about 564,000,000 of these, most of which are represented by certificates. Mr. President, these are much less defensible than the greenbacks, because they rest very largely upon the credit of the Government; they are midway between the gold coin, which has intrinsic value, and the greenback, which rests entirely on the faith of the Government. The \$20 gold piece, if it could speak, might say, "Throw me into the crucible; melt me in the fiercest heat, and yet, when I become a shapeless mass, you have not taken away one iota of my value." The silver dollar, however, if put into the crucible and melted down, is worth 42.8 cents, and the remaining amount of 57.2 cents is represented by the motto on the coin, "In God we trust," or, to speak more correctly, that portion of the nominal value of the silver dollar rests upon the faith of the Government.

They circulate not only as coins, but also as silver certificates in denominations of not more than \$5, and are used to a very great extent like many of the greenbacks for the smaller transactions of trade. So the silver dollars would become an embarrassment if it were not for the splendid credit of our Government.

We come now to the national-bank notes, \$726,000,000 in amount, according to the last statement which I have available. These are issued on Government bonds. One serious defect in the circulation afforded by our national banks is a lack of elasticity. Until within a few years no law allowed the withdrawal of more than a very small percentage of the national-bank-note circulation in any one year. This provision was adopted in accordance with the opinion of those who desired an ample circulation. We could trace that opinion on the statute book from the very beginning of the Civil War—laws which have been passed to meet the demand of the people for an ample monetary supply. In many localities and, in a degree, throughout the whole country the demand has been made that the Federal Government should promote prosperity by making money plenty and by having abundant issues of paper or other forms of money. Of late this law limiting cancellation has been changed, allowing a somewhat larger withdrawal; but it is very easy to see that there is no flexibility in the amount of this national-bank-note circulation.

If a bank desires to issue an additional amount of notes, it must buy bonds bearing 2 per cent. That is not altogether a profitable or desirable transaction, because the time is likely to come when the notes are not desired; but if the notes are withdrawn, then the bank has on its hands a security that pays the very low return of 2 per cent. On the other hand, suppose a bank finds its currency redundant and wishes to dispose of



part of it. If it withdraws the money, as in the previous case, the bonds are left upon its hands, with a return of only 2 per cent. Thus we find the lack of elasticity the vital defect in our whole system.

Again, I think there is another objection to the national-bank-note currency based upon a permanent and established principle. That is, that a circulation secured by bonds is not the best under any circumstances. As I said a few minutes ago, bank notes should be issued in response to the demands of trade. If you issue them on national, State, municipal, or any other kinds of bonds, you give to the circulation a rigidity which is not in accordance with the best methods.

Again, if a bank engages in the business of issuing notes, it finds it necessary in order to provide for emergencies to purchase and hold considerable quantities of bonds, even though it may desire to use all its funds for the convenience of the commercial community. In this respect we see very clearly the dividing line between bills issued upon bonds which have no flexibility or elasticity and bills or circulating notes issued upon assets that can be increased or decreased at any season of the year in response to the varying demands of trade.

When the Aldrich-Vreeland bill was before Congress three years ago I opposed that clause of it which allowed the issuance of notes upon bonds.

Mr. NIXON. Mr. President—

The PRESIDING OFFICER (Mr. CURTIS in the chair). Does the Senator from Ohio yield to the Senator from Nevada?

Mr. BURTON. Yes.

Mr. NIXON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Nevada suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Borah	Clapp	Kern	Reed
Brandeggee	Clark, Wyo.	Martin, Va.	Shively
Briggs	Cummins	Martine, N. J.	Smith, Mich.
Brown	Curtis	Myers	Smith, S. C.
Bryan	Dixon	Nixon	Smoot
Burnham	Fletcher	Overman	Stephenson
Burton	Heyburn	Page	Swanson
Chamberlain	Johnston, Ala.	Perkins	Williams
Chilton	Jones	Pomerene	Works

Mr. CHILTON. The Senator from Texas [Mr. BAILEY] is necessarily absent from the Senate in attendance on a conference committee.

Mr. SMITH of Michigan. My colleague [Mr. TOWNSEND] is necessarily absent from the Chamber this afternoon on public business.

Mr. CHILTON. My colleague [Mr. WATSON] is detained from the Senate.

Mr. BURNHAM. My colleague [Mr. GALLINGER] is unavoidably absent.

The PRESIDING OFFICER. Thirty-six Senators have answered to their names—not a quorum.

Mr. SMOOT. I ask that the names of the absentees be called. The Secretary called the names of the absent senators, and Mr. LODGE, Mr. POINDEXTER, Mr. ROOT, Mr. BOURNE, and Mr. BRISTOW answered to their names.

The PRESIDING OFFICER. Forty-one Senators have responded to their names—not a quorum.

Mr. SMOOT. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

Mr. CRANE entered the Chamber and answered to his name.

Mr. SMOOT. I move that the Senate adjourn.

The motion was agreed to, and (at 3 o'clock and 17 minutes p. m.) the Senate adjourned until to-morrow, Saturday, August 12, 1911, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES.

FRIDAY, August 11, 1911.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Our Father in heaven, from whom cometh all good, enrich our minds and hearts with heavenly gifts, that we may abhor evil and cleave to that which is good; that we judge not our brother, but do unto him as we would have him do unto us; that we may keep a conscience void of offense toward Thee and our fellow men; that Thy thoughts may be our thoughts and Thy ways our ways; that we go about our Father's business to-day and all days in the spirit of the Lord Jesus Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

### MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Platt, one of its clerks, announced that the Senate had passed without amendment bills of the following titles:

H. R. 11477. An act authorizing the construction of a bridge and approaches thereto across the Tug Fork of the Big Sandy River at or near Matewan Station, in Mingo County, W. Va.;

H. R. 11021. An act to authorize the Levitte Land & Lumber Co. to construct a bridge across Bayou Bartholomew, in Drew County, Ark.; and

H. R. 6098. An act to authorize the Campbell Lumber Co. to construct a bridge across the St. Francis River from a point in Dunklin County, Mo., to a point in Clay County, Ark.

The message also announced that the Senate had agreed to the amendments of the House of Representatives to the bill (S. 2495) to define and classify health, accident, and death-benefit companies and associations operating in the District of Columbia, and to amend section 653 of the Code of Law for the District of Columbia.

The message also announced that the Senate had passed the following resolutions:

*Resolved*, That the Senate has heard with deep sensibility the announcement of the death of Hon. GEORGE WASHINGTON GORDON, late a Representative from the State of Tennessee.

*Resolved*, That a committee of nine Senators be appointed by the Vice President to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased at Memphis, Tenn.

*Resolved*, That the Secretary communicate a copy of these resolutions to the House of Representatives.

*Resolved*, That as a further mark of respect to the memory of the deceased the Senate do now adjourn.

In compliance with the foregoing, the Vice President appointed as the committee on the part of the Senate Mr. TAYLOR, Mr. BROWN, Mr. SHIVELY, Mr. BRADLEY, Mr. SMITH of South Carolina, Mr. JONES, Mr. WATSON, Mr. WILLIAMS, and Mr. THORNTON.

### ENROLLED JOINT RESOLUTION AND BILLS SIGNED.

Mr. CRAVENS, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled joint resolution and bills of the following titles, when the Speaker signed the same:

H. J. Res. 14. Joint resolution to admit the Territories of New Mexico and Arizona as States into the Union upon an equal footing with the original States;

H. R. 7693. An act to authorize the town of Logan, Aitkin County, Minn., to construct a bridge across the Mississippi River in Aitkin County, Minn.;

H. R. 11022. An act to authorize the bridge directors of the Jefferson County bridge district to construct a bridge across the Arkansas River at Pine Bluff, Ark.;

H. R. 12051. An act for the relief of the city of Crawford, in the State of Nebraska;

H. R. 6098. An act to authorize the Campbell Lumber Co. to construct a bridge across the St. Francis River, from a point in Dunklin County, Mo., to a point in Clay County, Ark.; and

H. R. 11021. An act to authorize the Levitte Land & Lumber Co. to construct a bridge across Bayou Bartholomew, in Drew County, Ark.

### ENROLLED BILLS PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. CRAVENS, from the Committee on Enrolled Bills, reported that this day they had presented to the President of the United States, for his approval, the following bills:

H. R. 11022. An act to authorize the bridge directors of the Jefferson County bridge district to construct a bridge across the Arkansas River at Pine Bluff, Ark.;

H. R. 12051. An act for the relief of the city of Crawford, in the State of Nebraska;

H. R. 7693. An act to authorize the town of Logan, Aitkin County, Minn., to construct a bridge across the Mississippi River in Aitkin County, Minn.; and

H. J. Res. 14. A joint resolution to admit the Territories of New Mexico and Arizona as States into the Union upon an equal footing with the original States.

### ORDER OF BUSINESS.

Mr. HENRY of Texas. Mr. Speaker, I demand the regular order, and if the House will indulge me just a moment I desire to first ask unanimous consent—

Mr. MANN. I demand the regular order, Mr. Speaker.

Mr. HENRY of Texas. If the gentleman wants to object, all right.

Mr. MANN. If the gentleman desires to ask unanimous consent to address the House, he ought to make the request.